

## Message Text

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ACTION AF-10

INFO OCT-01 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09  
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 /128 W  
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R 071545Z JUL 78  
FM AMEMBASSY LIBREVILLE  
TO SECSTATE WASHDC 1319

C O N F I D E N T I A L LIBREVILLE 1869

E.O. 11652: GDS  
TAGS: ENRG, GB  
SUBJECT: GULF OIL RETRENCHING IN GABON

1. LIBREVILLE MANAGER OF GULF OIL COMPANY OF GABON,  
EARL WISNER, HAS TOLD US IN CONFIDENCE THAT GULF OIL  
IS BEGINNING PROCESS OF RETRENCHMENT IN GABON.

FOLLOWING IS TEXT OF TELEX FROM GULF OIL HOUSTON,  
WHICH WAS TRANSFORMED INTO LETTER AND DELIVERED TO  
GOG MINISTER OF STATE FOR MINES MBOUY-BOUTZIT O/A  
JUNE 13: QUOTE

EXCELLENCY,  
I HAVE THE HONOR TO INFORM YOU THAT GULF OIL  
OF GABON IS NOW SEEKING NEW PARTNERS TO COOPERATE IN  
EXPLORING FOR AND DEVELOPING OIL IN AND OFFSHORE  
GABON. GULF'S OWN EXPENDITURES IN EXPLORATION IN  
GABON SINCE WE WERE AWARDED FIRST PERMITS TOTAL  
OVER SIXTY MILLION DOLLARS.

WE WISH TO CONTINUE TO SEARCH FOR OIL IN GABON  
AND HAVE A COMPREHENSIVE EXPLORATION PROGRAM WITH WHICH  
WE ARE PROCEEDING. WE ARE CURRENTLY ENGAGED IN A  
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SEISMIC SURVEY AND WE HOPE TO START EXPLORATORY DRILLING  
SOON. HOWEVER, THE WORLD-WIDE EFFORTS OF GULF OIL  
CORPORATION ARE SO WIDELY STRETCHED THAT THERE ARE  
EXCESSIVE DEMANDS ON ITS FINANCIAL RESOURCES. WE ARE  
THEREFORE TALKING TO OUR PRESENT PARTNERS IN GABON AND  
TO OTHER COMPANIES WHO COULD PROVIDE NEWCAPTIAL AND  
TECHNICAL INPUT IN EXCHANGE FOR SOME OF THE INTEREST

THAT GULF OIL OF GABON HAD IN ITS PERMITS. ALL OF THIS  
NEW CAPITAL AND TECHNICAL INPUT WOULD BE USED TO  
MAINTAIN THE MOMENTUM OF EXPLORATION AND EXPLORATION WORK.

AT THE MOMENT THE DISCUSSIONS ARE AT A FAIRLY EARLY  
STAGE. WHEN THE DISCUSSIONS HAVE PROGRESSED SUFFICIENTLY  
AND WE HAVE FIRMS PROPOSALS FOR TRANSFERS OF INTEREST,  
WE WILL, OF COURSE, SUBMIT THESE PROPOSALS FOR YOUR  
EXCELLENCY'S APPROVAL.

IT IS GULF'S PRESENT INTENTION TO PURSUE ACTIVE  
EXPLORATION AND EXPLOITATION PROGRAMS IN GABON IN FUTURE  
YEARS. UNQUOTE.

2. TRANSLATED, ACCORDING WISNER, THE TELEX MEANS THAT  
BECAUSE OF HIGH EXPENDITURES AND LOWER THAN USUAL  
REVENUES IN 1977, GULF IS HAVING TO RETRENCH. INTER-  
NATIONAL OPERATIONS WERE NOT NOTABLY SUCCESSFUL IN 1977;  
THUS GULF HAS DECIDED CUT BACK ON SOME OF THEM,  
INCLUDING GABON. WHAT IS EXPECTED TO HAPPEN HERE IS  
THAT GULF IS ATTEMPTING TRADE COMMITMENTS MADE TO GOG  
LAST YEAR TO DRILL FIVE TEST WELLS BEFORE AUGUST 1979  
FOR LOWER PERCENTAGE OF INVESTMENT IN TWO CONCESSIONS  
NOW HELD BY GULF AND OTHER COMPANIES. COMMITMENT RE  
WELLS WAS IN EXCHANGE FOR GOG AGREEMENT TO EXTEND TIME  
LIMIT FOR GULF CONCESSIONS BY TWO YEARS DESPITE FACT  
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THAT OPTIONS HAD TECHNICALLY RUN OUT. NONE OF FIVE  
WELLS HAS YET BEEN DRILLED, HOWEVER. THUS, WHERE GULF  
NOW MAY HAVE 40 OR 50 PERCENT PARTICIPATION, THEY WANT  
TO SELL (TRADE) OFF SOME OF IT TO COMPANY THAT WILL  
AGREE TAKE OVER RESPONSIBILITY FOR DRILLING THE WELLS.  
NEGOTIONS ARE WELL UNDERWAY WITH ELF GABON, WHICH  
ALREADY PARTNER AND WHICH HAS THUS FAR MADE BEST OFFER  
(GULF HAS APPROACHED "NUMBER" OF AMERICAN COMPANIES).

3. IF OUT COME IS AS GULF HOPES, IT WILL REMOVE GULF  
FROM ANY OPERATIONAL STATUS HERE. GULF WILL ACCORDINGLY  
CLOSE ITS PRESENT OFFICE, BUT WILL PROBABLY LEAVE  
GEOLOGIST AND ONE OR TWO ACCOUNTANTS IN SMALLER OFFICER.  
GULF WILL, HOWEVER, RETAIN FINANCIAL INTEREST IN CON-  
CESSIONS, AND, IF FIELDS PROVE OUT, WOULD BE INVOLVED  
IN THEIR DEVELOPMENT. SHOULD THIS COME TO PASS, WISNER  
BELIEVES GULF WOULD INDEED PUT MORE MONEY INTO GABON  
OPERATION. MEANWHILE, UNTIL SOME ARRANGMENT IS MADE,  
GULF STILL HAS OBLIGATION DRILL THE FIVE TEST WELLS AT  
AN ESTIMATED COST OF DOLS 10 MILLION (ACTUAL TOTAL  
APPROX DOLS 20 MILLION, OF WHICH GULF OBLIGATED FOR  
ABOUT HALF).

4. WISNER TOLD AMBASSADOR THAT GOG WAS INITIALLY APPARENTLY "IRATE" WHEN THEY WERE TOLD OF GULF'S DECISION, BUT MINISTER OF MINES CALMED DOWN WHEN HE REALIZED THAT GOG WOULD NOT BE OUT ANYTHING. WISNER HAS NONETHELESS UNDERTAKEN TO LET US KNOW OF ANY DEVELOPMENTS AND PARTICULARLY OF ANY FURTHER GABONESE REACTIONS. TIENKEN

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## Message Attributes

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